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# U. S. DEPARTMENT OF AGRICULTURE

FARMERS' BULLETIN No. 1265

## BUSINESS METHODS OF MARKETING HAY



## TEN MARKETING SUGGESTIONS

- 1 **C**HOOOSE the method of marketing best suited to your business facilities
- 2 Consign only to markets having a broad demand
- 3 Sell only to reliable and responsible buyers
- 4 Study local and national production figures in deciding when to sell
- 5 Consult local and national market reports freely when deciding where to sell
- 6 Avoid careless trading methods
- 7 Repeat all terms of sale in confirmation
- 8 Follow billing instructions closely
- 9 Prepare invoices carefully and forward promptly
- 10 Present claims only when supported by adequate proof

Contribution from the Bureau of Markets and  
Crop Estimates

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Washington, D. C.

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# BUSINESS METHODS OF MARKETING HAY.

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**S**UCCESS in the marketing of hay depends to a great extent upon the business methods used in the various transactions. It is the purpose of this bulletin to explain the use of some of the principal trade terms and also to offer some suggestions as to how the various aids to marketing may be applied by the producer or shipper to the marketing of his hay.

## METHODS OF MARKETING.

There are two important methods of marketing hay—the consignment method and the straight-sales method. The consignment method consists in shipping to a broker or commission merchant, who will act as the shipper's representative in selling the hay in the markets in which he is located, usually at the price prevailing when the hay arrives. By the straight-sales method the shipper sells the hay at a fixed price, either at point of shipment or at destination, for shipment or delivery at or within a specified time upon certain designated terms.

Neither of these methods is the better one at all times, and the method that is most advantageous one week may easily be not at all profitable the next. The shipper must decide which method to use, and it is to his advantage to obtain all the information possible regarding the merits of each method at the particular time he wishes to market a lot of hay.

## CONSIGNMENT METHOD.

## SELECTING A MARKET.

The selection of a market to which to consign hay is one of the most important functions in successful and profitable marketing, and the selection of the proper market includes also the choice of a marketing agency operating in that market. The distance to market, the character of demand, the preference for certain kinds of hay and for a certain size of bales, the methods of weighing and grading, the methods of sale, and the character and reliability of the dealers, all must be considered if the most profitable returns are to be obtained for market hay.

**Distance.**—The distances to the various markets are first to be considered and, other things being equal, the market to which the lowest freight rate applies should be chosen. Other things are not always equal, however, and some of them may be so important as to outweigh the higher freight charge.

**Character of demand.**—Usually it is the best policy to consign only to those markets that have a broad, general demand sufficient to absorb large quantities of different kinds and grades of hay. Although definite sales can frequently be made very advantageously to the smaller markets, their current demand for spot hay is generally so small that a few cars of consigned hay will overstock the market and cause the shipper serious losses. Even in the larger markets the demand is not unlimited, and shippers should inform themselves as to the quantity of hay the various consignment markets can normally handle or consume without seriously depressing the market. Those markets which have storage warehouses are likely to have a steadier market than those which depend on unsteady daily arrivals to supply a fluctuating demand.

**Market preferences.**—The hay shipper should pay particular attention to the size and weight of bales preferred in any given market and should cater to that preference when making consigned shipments to it. Hay in bales of undesired size or weight is usually discounted \$1 to \$2 per ton by the buyers. Preferences vary in the different markets, however, and hay which brings a premium in one market may be severely discounted in another. It is the buyer's preference rather than the shipper's that prevails.

In general, New England and eastern markets prefer large five or six wire bales weighing from 175 to 215 pounds. Southeastern, southern, and southwestern markets prefer small two or three wire bales weighing from 75 to 100 pounds and ranging in size from 14 by 16 inches to 17 by 22 inches by about 36 to 48 inches in length. In the central western markets the 17 by 22 inch bale is probably the most



FIG. 1.—Relative sizes of the 14 by 16, 17 by 22, and the large 6-wire bales.

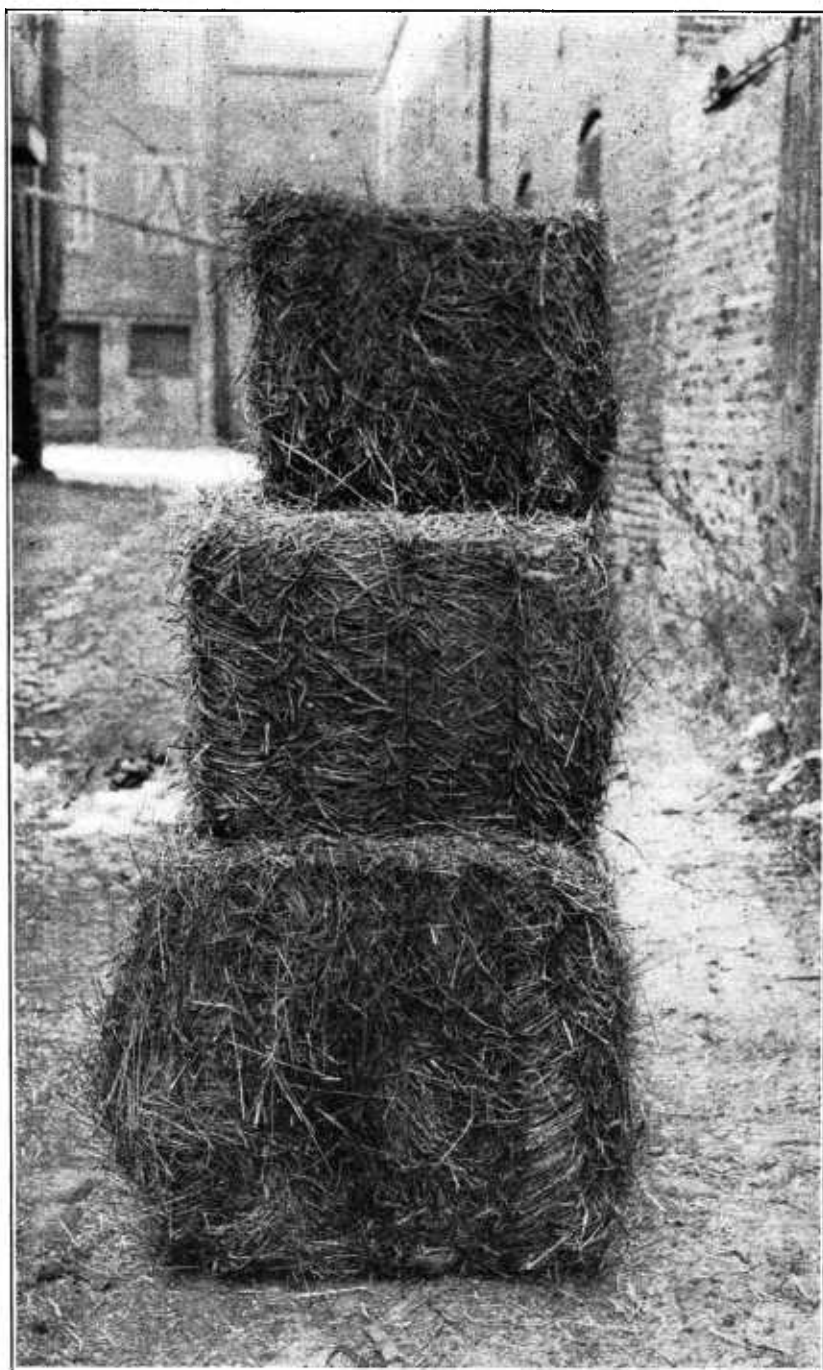


FIG. 2.—Small, medium, and large bales (end view).

generally used, and on the Pacific Coast both this size and the large bale prevail almost exclusively. (See figs. 1 and 2.)

**Methods of weighing and inspecting.**—Since weighing and inspection fees are almost always charged in full to the shipper when the hay is consigned, he is directly interested in the method employed and in the degree of economy with which these functions are administered. The shipper should insist that only accurate weighing methods which will furnish correct weights be used and that complete data upon which claims can be based in case of loss be furnished. Official weight certificates giving the number of bales unloaded and the total weight of the hay should be demanded if charges are made by the market for the weighing service.

The shipper is entitled to an official certificate if official inspection is maintained at a market. The certificate should state the grade designations and the amount of the hay covered by each designation, if more than one grade is assigned to one carload. If the entire car is not inspected the certificate should state just what part is inspected and graded and charges should be based upon the services rendered and should not include operating expenses of other agencies in the market. (See Department Bulletins No. 978, *The Weighing of Market Hay*, and No. 980, *Inspection and Grading of Hay*.)

**Methods of sale.**—There are almost as many methods of selling hay as there are markets. The warehouse method consists of selling the hay at railroad or public warehouses after it has been unloaded from cars. The car-door method is employed where hay is sold from the track in railroad yards. The sale is made, as the name indicates, at the car door and is based upon the quality of the hay as it appears at the doorway of the car (fig. 3). "Plug" sales are made in special railroad yards from a sample, or plug, consisting usually of 20 to 30 bales which have been removed from the car and piled on the ground or on a platform beside the car from which they were taken (fig. 4).

No one method is best in all particulars. Each shipper should know which method is used in the market receiving his hay and also what service is rendered for the charges assessed. It will then be possible to determine which method will result in the largest returns for his kind and grade of hay.

#### CHOOSING A COMMISSION MERCHANT.

Profitable returns from consignments depend a great deal upon the ability and reliability of the shipper's representative at the market. Only those representatives should be employed who can, or have, demonstrated their ability as conscientious and trained salesmen and who know the needs of the market and the responsibility and financial standing of the buyers. Such services may entail a higher initial cost, but will probably be more economical in the end.



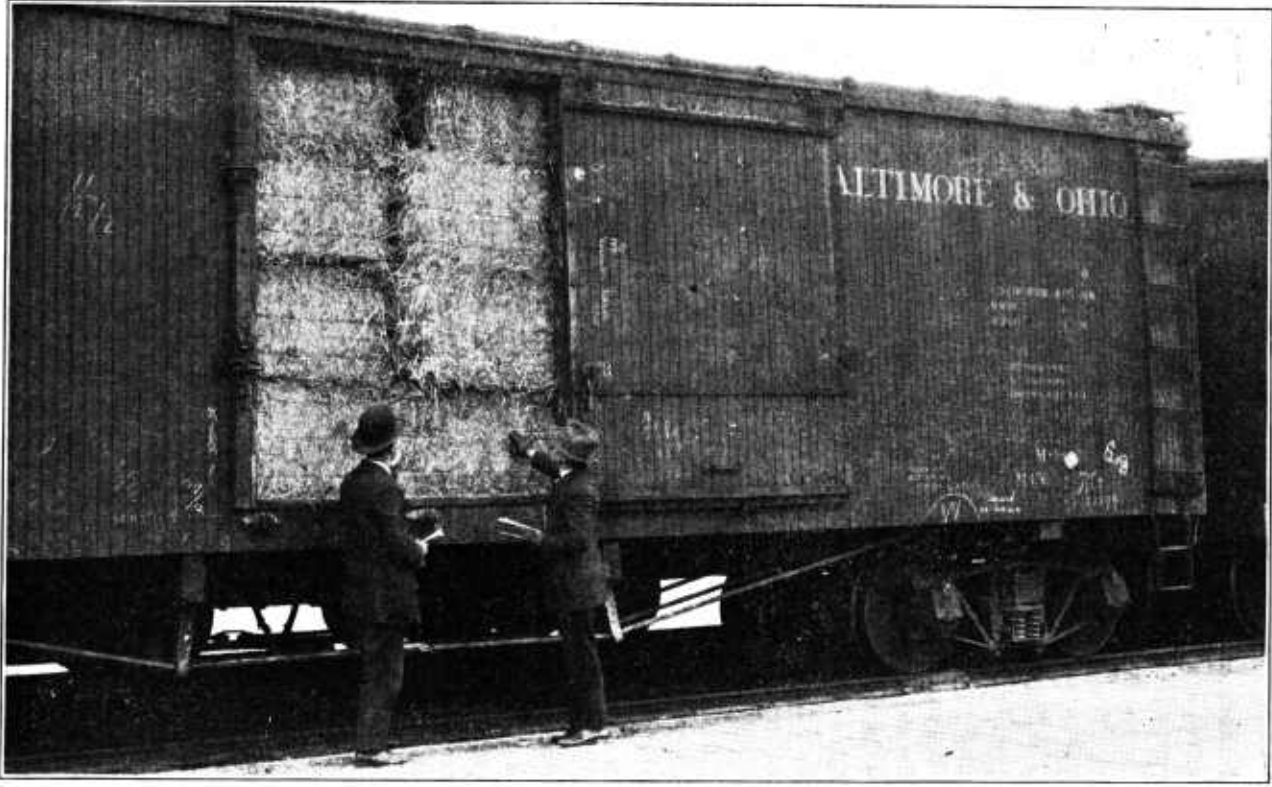


FIG. 3.—Selling hay by the car-door method.

Where trade organizations or exchanges exist, membership in them, which requires certain desirable qualifications, is to some extent a guarantee of the members' reliability, but there are also many reliable men outside of such organizations who will render efficient service. Shippers, however, should obtain bank and other commer-



FIG. 4.—Selling hay by the “plug” method.

cial reports concerning commission merchants to whom they expect to intrust the marketing of their hay before making shipments.

#### THE STRAIGHT SALES METHOD.

The producer or shipper who prefers not to consign his hay can usually sell it outright at some available market. There are also dealers in consuming sections or shippers and track buyers at con-

venient points in producing sections who are almost always in the market for hay at current market prices.

#### HOW TO OBTAIN AND SELECT BUYERS.

In the larger markets lists of responsible dealers or buyers can generally be obtained from trade organizations, such as chambers of commerce, hay exchanges, or boards of trade. While such organizations do not guarantee the reliability of the firms or individuals whose names they furnish, the fact of membership in a trade organization is of some importance.

In smaller markets and at interior consuming points it is more difficult to obtain the names of hay buyers, but there are several agencies whose services can be utilized if customers are desired at these points. Many railroads compile and have for free distribution lists of dealers in various agricultural commodities located on their lines. State and national hay trade organizations also have lists of their members in the various States, and trade journals frequently compile such lists and have them for sale at a nominal cost. State and Federal Departments of Agriculture will furnish a limited number of names from lists on file in their marketing divisions.

Usually the agencies mentioned do not give any guarantee of reliability or responsibility for the buyers whose names they furnish, and shippers should make further inquiries as to the prospective customer's financial rating and business integrity. The local banker is usually willing to obtain this information if the shipper does not have access to the information furnished by commercial agencies.

The largest advertiser is not necessarily the most responsible buyer; neither are those firms which advertise the most liberal draft terms and inspection methods always the most desirable customers. Shippers should beware of those buyers who depart to any great extent from sound and conservative business methods.

#### HOLDING THE TRADE.

Holding the trade of desirable customers is just as important as obtaining it, but is not so expensive as obtaining new customers. A proper understanding of the terms of the sale, including quality and quantity of hay sold as well as time of shipment and settlement terms, is the first and probably the most important factor in mutually satisfactory trade relations. The other factors are dependent on the shipper and consist of the careful fulfillment of his part of the contract. Care must be taken to furnish the quality desired by the buyer and specified in the terms of sale. A rise in the market price should not cause a lowering of the quality of the hay furnished on a contract made at a lower market price; neither should a decline in the market after a sale has been made cause the shipper to impose

upon the buyer by shipping maximum-capacity cars when he is aware that the buyer desires only a small or medium-sized carload. When arrival draft terms are specified, sight drafts should not be drawn. The shipper should endeavor to fulfill the terms of sale in a manner that would be satisfactory to him if he were the buyer.

### TRADE RULES.

Many of the difficulties which arise between shippers and buyers and result in a severance of business relations would be avoided if more care were used in making all terms of sale clear and practicable and in making sure that both seller and buyer have the same understanding of them.

The following rules, which are in fairly general use by the hay trade, will, if followed, tend to eliminate many misunderstandings:

1. State clearly in all offers all necessary factors, including quality and quantity of hay; time at or within which shipment can be made; routing; rates; price; and terms of payment.
2. Confirm all sales by letter, stating all terms included in the original offer or sale.

Upon receipt of confirmation from buyer, correct immediately any items that appear to be incorrect.

### STATEMENT OF TERMS.

Too much care can not be taken in stating terms when making offers or sales. The greater part of the transaction is usually by telephone or telegraph, which makes brevity necessary. Spending a few more cents in telephone or telegraph charges, however, is better than losing several dollars on an unsatisfactory shipment.

When offering hay for sale, either by wire or by letter, the shipper should include the following points:

(a) The quantity of bales, tons, or carloads should be stated. If the statement is in number of bales, the size should always be given, and if in tons or carloads it is well to state also the size of bales that will be shipped, as certain sections have a decided preference for certain types and sizes of bales.

(b) The quality should be given either in descriptive terms or in terms of State or commercial grades. When commercial grades are used it must be made certain that both buyer and seller understand just what grades are being used. It is sometimes advisable to state what inspection agency is to determine the grade. As organized at present the methods of inspection vary at different markets and a misunderstanding may often be avoided if the terms of sale specify the place or character of inspection.

(c) The time of shipment should be specified either by naming the exact date on or before which shipment will be made, or

by using the trade terms "immediate," "quick," or "prompt." The following interpretations are usually given these terms: "Immediate" or "rush" shipment is made within 3 calendar days; "quick," 5 calendar days; and "prompt," 10 calendar days, Sundays and holidays excluded in each instance.

(d) The routing which can be made should be stated in the first offer, as it is an important item, and, together with the rates applying, may be the determining factor in the transaction. Instead of stating the rate, the point at which the price applies may be given, such as f. o. b. "shipper's track" or "delivered buyer's station."

(e) The price should be stated clearly as well as the length of time for which the offer holds good and whether its acceptance is subject to confirmation.

(f) Unless some definite agreement has been made previously relative to the terms of settlement they should be stated in the original articles.

The following are suggested forms for telegrams offering hay according to the various terms:

**Offer on Destination Terms.**

PEORIA ILLINOIS JANUARY 1 1922

JAMES SMITH  
ONE NAUGHT NINE NAUGHT MAIN STREET  
CHICAGO ILLINOIS

OFFER IMMEDIATE SHIPMENT SUBJECT CONFIRMATION TWELVE  
TONS LARGE BALES NUMBER TWO TIMOTHY HAY CHICAGO INSPEC-  
TION TWENTY DOLLARS TON DELIVERED CHICAGO VIA C & N W  
(SIGNED) JAMES BROWN

**Offer on Shipper's Terms.**

EMPORIA KANSAS JANUARY 1 1922

FRANK BROWN  
ONE HUNDRED BROADWAY STREET  
KANSAS CITY MISSOURI

OFFER PROMPT SHIPMENT FIFTY TONS NUMBER ONE ALFALFA  
HAY MEDIUM BALES SHIPPERS' WEIGHTS AND INSPECTION TEN  
DOLLARS TON F O B EMPORIA SIGHT DRAFT  
(SIGNED) GEORGE SMITH

**Offer on Delivered Terms.**

NEWPORT OHIO JANUARY 1 1922

JOHN JONES  
THIRTY FIVE PINE STREET  
COLUMBIA GEORGIA

OFFER SHIPMENT WITHIN THIRTY DAYS THREE CAPACITY CARS  
GOOD FEEDING TIMOTHY HAY SMALL BALES TWENTY DOLLARS  
TON DELIVERED COLUMBIA DESTINATION WEIGHTS AND GRADES  
ARRIVAL DRAFT

(SIGNED) RALPH WHITE

## CONFIRMATION LETTER.

When a bid has been accepted and a sale consummated, whether by letter or wire, a confirmation letter setting forth in detail all the terms and conditions of the transaction should be mailed by each party to the other. If upon receipt of these confirmations either party notes any item that is contrary to his understanding of the terms, he should notify the other immediately by telegraph, so that all errors may be corrected before shipment is made. If the hay was ready for shipment when the sale was made, however, it may not be possible for the shipper to wait for a written confirmation of the acceptance of the buyer. In that case he should forward a telegram to the buyer confirming the terms of his original offer and his understanding of the acceptance.

## WHEN AND WHERE TO SELL HAY.

Whether the shipper decides to consign his hay or to sell it outright, the question when he should sell it and where he should ship it call for an intelligent consideration of all the factors.

No definite time can be set at which a producer or shipper can sell his hay most profitably, because so many different factors must be considered, some of which have different values to different shippers. Some hay must be sold direct from the field because of lack of space to store or stack it, and some must be sold from the stack before the beginning of severe winter weather. Some hay from the mow must be sold by a certain date in order to provide funds for taxes or other necessary expenses, and some may be carried over to another season or sold just before the new crop is harvested.

Statistics compiled by the Bureau of Markets and Crop Estimates show that for a period of 10 years ending 1921 the highest average prices in two large representative markets were reached in April for prairie and alfalfa and in May for timothy. (See Tables 1, 2, and 3.)

TABLE 1.—Timothy hay: Monthly and yearly average price per ton of No. 1 timothy hay at Chicago, Ill., 1911-12 to 1920-21.

Month.	1911-12	1912-13	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	10-year average.
July.....	\$23.50	\$19.75	\$15.00	\$16.25	\$19.25	\$16.00	\$17.75	\$21.50	\$34.50	\$38.50	\$22.20
August.....	21.50	18.50	17.75	16.75	20.25	16.00	19.25	26.50	35.00	40.25	23.18
September.....	20.00	18.50	17.75	15.50	19.00	15.50	21.00	32.00	29.00	33.75	22.20
October.....	20.50	18.00	18.00	15.25	17.00	16.25	25.00	31.00	28.00	32.25	22.13
November.....	21.25	17.00	17.00	15.50	15.50	16.25	27.25	30.00	29.50	32.00	22.13
December.....	21.00	15.50	16.25	15.50	15.50	16.25	27.00	30.00	30.00	28.50	21.55
January.....	21.75	15.75	15.50	16.25	16.25	15.50	28.25	29.50	32.50	26.90	21.82
February.....	20.75	14.25	14.75	15.50	15.50	15.75	29.00	26.00	34.00	24.40	20.99
March.....	21.50	14.75	15.25	15.25	16.75	15.75	28.00	30.50	35.25	25.30	21.83
April.....	24.00	15.50	16.00	16.25	18.75	18.00	24.00	33.50	43.00	23.80	23.28
May.....	26.00	15.25	16.25	17.00	18.75	20.50	23.00	35.50	46.50	21.90	24.06
June.....	21.25	14.25	15.25	17.50	18.00	18.75	19.00	33.00	42.75	22.50	22.23
Crop-year average	21.92	16.42	16.23	16.04	17.54	16.71	24.04	29.92	35.00	29.18	22.30

TABLE 2.—**Prairie hay: Monthly and yearly average price per ton of No. 1 prairie hay at Kansas City, Mo., 1911-12 to 1920-21.**

Month.	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	1919-20.	1920-21.	10-year average.
July.....	\$15.93	\$8.79	\$10.60	\$12.10	\$11.32	\$8.50	\$18.14	\$19.26	\$20.89	\$17.21	\$14.47
August.....	12.93	7.96	13.62	9.96	8.65	8.06	18.57	25.25	19.98	19.52	14.45
September.....	11.50	8.39	15.76	11.58	8.63	9.36	18.06	26.57	19.32	18.47	14.76
October.....	11.60	8.96	16.00	11.35	9.71	9.47	19.60	27.58	19.75	16.45	15.04
November.....	12.07	8.01	15.66	10.94	9.54	10.74	25.07	26.84	21.12	16.13	15.61
December.....	12.61	9.39	15.57	10.98	8.97	11.15	25.47	24.04	25.34	14.49	15.80
January.....	13.84	10.45	14.20	11.25	8.84	10.57	24.00	28.25	21.40	14.00	15.68
February.....	13.66	9.37	14.50	10.89	9.15	10.92	23.79	26.82	20.68	13.10	15.29
March.....	16.70	9.19	14.40	11.26	8.96	12.92	23.42	32.35	20.64	14.10	16.39
April.....	20.85	9.56	16.00	11.41	9.50	18.68	21.13	36.63	21.70	13.70	17.92
May.....	20.48	9.53	16.42	11.02	9.74	19.74	19.17	38.91	24.02	14.10	18.31
June.....	15.16	9.97	15.43	11.03	8.65	20.57	17.66	37.34	18.95	13.40	16.72
Crop-year average..	14.78	9.21	14.85	11.15	9.31	12.56	21.17	29.15	21.15	15.39	15.87

TABLE 3.—**Alfalfa hay: Monthly and yearly average price per ton of No. 1 alfalfa hay at Kansas City, Mo., 1911-12 to 1920-21.**

Month.	1911-12	1912-13	1913-14	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20	1920-21	10-year average
July.....	\$15.13	\$12.59	\$12.12	\$12.38	\$11.54	\$11.29	\$21.18	\$22.60	\$26.93	\$27.21	\$17.30
August.....	14.44	13.00	14.80	13.42	11.90	13.40	24.09	29.08	27.63	29.49	19.13
September.....	14.87	13.58	16.14	13.33	12.25	13.58	24.07	31.45	24.86	27.22	19.14
October.....	15.00	15.11	16.54	12.51	13.11	15.68	27.43	30.14	30.24	23.95	19.97
November.....	15.27	15.11	16.00	13.21	12.83	18.50	31.10	31.21	33.39	25.05	21.17
December.....	15.50	15.00	16.01	13.79	14.35	19.33	32.76	31.01	35.10	23.01	21.59
January.....	17.72	14.79	15.96	13.75	14.54	19.81	30.01	32.85	35.75	23.30	21.85
February.....	18.37	12.86	15.25	13.73	15.34	20.25	31.33	31.01	34.83	20.30	21.33
March.....	20.49	14.06	15.18	14.75	13.92	21.10	27.56	34.56	33.79	20.30	21.57
April.....	22.73	13.75	15.30	15.11	14.44	24.33	24.11	37.90	34.10	21.00	22.27
May.....	19.34	13.28	15.54	13.73	14.45	24.52	22.64	36.20	35.46	22.20	21.74
June.....	11.62	10.70	14.23	13.42	11.42	21.87	20.57	36.43	31.75	18.40	19.04
Crop-year average...	16.71	13.65	15.26	13.59	13.34	18.64	26.40	32.04	31.99	23.45	20.50

The months of highest price are just before the new crop begins to come upon the market, and the prices are for hay which has been carried almost an entire year. While no definite figures are available as to the carrying costs, including interest and insurance, nor as to the amount of shrinkage for which allowance must be made, the spread in the average prices prevailing during the various months of the year is hardly sufficient to warrant a general statement that the best time to sell hay is always in April or May. It is fortunate for those who must sell earlier in the season that later sales are not always the best.

Within the periods of high and low prices, however, during which varying quantities of hay are sold, and often during given years, there are wide price fluctuations. Prices may vary also at various markets within the same period because of varying conditions of supply and demand. The producer and shipper must have a knowledge of these changing conditions in order to market their hay intelligently and profitably. It is not enough for a shipper to know the

size of the crop in his own locality or the prices in the home market. Production and marketing knowledge should be State and nationwide. This information has not always been available, but through the agencies of trade organizations and State and Federal Departments of Agriculture it is now available to practically everyone who will take the trouble to ask for it.

#### PRODUCTION AND MARKET REPORTS.

Trade organizations in many markets prepare daily reports containing statistics relative to receipts, shipments, and prices, as well as comprehensive reviews of the market situation and outlook in the particular market. They are usually available to all patrons of that market and should be used, although they apply in the main to one market only. State departments of agriculture in many States issue periodical reports on the crop conditions and estimated productions of the various agricultural products within the State, and some of these departments, through their marketing bureaus, are now also issuing regular marketing reports which deal with prices, supply and demand, and the market situation of important agricultural products at the various markets within the State, and frequently at tributary distributing or contributing markets.

The Bureau of Markets and Crop Estimates of the United States Department of Agriculture makes careful estimates of the production of practically all important agricultural products and publishes reports of these estimates regularly. Marketing specialists of the bureau, by means of reports received regularly from reliable and able correspondents throughout the country, study and analyze the market situation for the various commodities and prepare reports which are distributed by telegraph and telephone and in printed form. Many of these reports are available free of charge to all who show a need for them.

Hay producers and shippers should put themselves in a position to receive all the information obtainable that has a bearing upon the marketing of hay.

#### HOW TO USE THE REPORTS.

The production reports, of course, indicate the supply and in many instances also indicate a probable demand. Suppose a shipper is located in the timothy-producing section of Michigan. He knows that locally there is a large crop of hay and also a large marketable surplus. Considering only the local situation he would probably expect low prices. Upon examining the report on hay production issued by the United States Department of Agriculture, however, he finds that there is a scarcity in the New England States, where there is usually a surplus, or at least usually a supply that equals





should be studied. The principal factors to be determined are the probable extent of the demand, the movement from all tributary territories, and such other factors as weather conditions, local supplies, etc., which might influence the demand. This information is now being furnished through State and National marketing publications, as well as trade publications, and is available to practically every hay shipper.

The publication "Weather, Crops, and Markets," issued by the Department of Agriculture, which is available for \$1 a year, is shown in figure 5.

### **BILLING AND INVOICING SHIPMENTS.**

Having decided when and where to market the hay and having selected a commission merchant or found a customer, the next step is to ship the hay. Methods of weighing hay and of loading cars so as to meet the needs of the buyers in the various sections of the country are described fully in Bulletins No. 977 and 978 of the United States Department of Agriculture, and a discussion of them will therefore be omitted here.

When the hay is ready for shipment it must be billed correctly and a carefully prepared invoice must be forwarded immediately to the consignee. The shipper should observe the following suggestions: (a) Follow the billing instructions furnished by the consignee in detail, naming route and delivery road when requested. (b) Forward the bills of lading and invoices promptly. (c) Prepare invoices carefully, stating car initial and number, date of shipment, number of bales, total weight of car, particular kind of grade, and price data when available.

### **BILLING INSTRUCTIONS.**

If the billing instructions furnished by the consignee are not clear, it is usually better to hold the shipment until satisfactory instructions are received than to take the chance of billing it incorrectly. When specific instructions as to routing or delivery are given they should be followed minutely, as in many cases shipments arriving over roads other than those specified must be switched at considerable cost before delivery can be made at the desired location. In many markets hay shipments arriving in certain railroad yards do not sell so advantageously as in other yards, because of unfavorable switching facilities or because of the distance of the yards from the buyer's warehouses. Commission merchants and dealers in the markets are familiar with these factors, and when possible they request billing that will not subject their hay shipments to these handicaps.

Buyers may also desire to reconsign their hay upon arrival or to change the billing while the car is in transit; if the hay is shipped on another line, from which they can not reconsign the shipment, they may suffer a considerable loss, which can be charged back to the shipper if he has not followed shipping instructions.

10-18-19 1005M C 81131		UNITED STATES RAILROAD ADMINISTRATION Director General of Railroads		Form 401					
NORTHERN RAILROAD									
STRAIGHT BILL OF LADING—ORIGINAL—NOT NEGOTIABLE				Shipper's No. <u>1</u>					
				Agent's No. _____					
RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading.									
as <u>Snowden, S. D.</u>				Jan. 15 1922					
from <u>H. A. Y. Shipper</u> the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Carrier (which word is to be understood throughout this bill of lading as meaning any person or corporation in possession of the property under the bill of lading) agrees to carry to its usual place of delivery at said destination, if on its line, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof), and which are agreed to by the shipper and accepted for himself and his assigns.									
The Rate of Freight from <u>Snowden, S. D.</u>									
to <u>Milwaukee, Wis.</u> is in Cents per 100 Lbs.									
1P 1st Class	1P 1st Class	1P 2d Class	1P Rule 15	1P 3d Class	1P Rule 26				
1P Rule 28	1P 4th Class	1P 5th Class	1P 6th Class	1P Class A	1P Class B				
1P Class C	1P Class D	1P per Special	25						
(Mail Address—not for purposes of Delivery.) <u>136 W. Market St.</u>									
Consigned to <u>H. A. Y. Buyer</u>									
Destination, <u>Milwaukee</u> State <u>Wisconsin</u> County of <u>Milwaukee</u>									
Route, <u>N. &amp; C. W.</u> Car Initial <u>M. R. &amp; T.</u> Car No. <u>13989</u>									
No. Packages	DESCRIPTION OF ARTICLES AND SPECIAL MARKS	WEIGHT (Subject to Correction)	RATE OR	CHECK COLUMN					
250	Bales Prairie Hay	22300							
					If charges are to be prepaid, write or stamp here, "To be Prepaid."  Received \$ _____ to apply in prepayment of the charges on the property described hereon.  Agent or Cashier _____  Per _____ (The signature here acknowledges only the amount prepaid.)  Charges Advanced, \$ _____  \$ _____				
H. A. Y. Shipper _____ Shipper _____ <u>R. C. Smith</u> Agent Per <u>R. L. B.</u> _____ Per _____ (This Bill of Lading is to be signed by the shipper and agent of the carrier issuing same)									

FIG. 6.—A "straight" bill of lading form properly filled out by the shipper.

Under certain conditions, however, shippers may be justified in not following the consignee's instructions. Instances have occurred where unscrupulous buyers have attached certain conditions to their billing instructions which, when the shipper has affixed his signature

10-22-19 100 M extra C 81552

UNITED STATES RAILROAD ADMINISTRATION  
Director General of Railroads

Form 416

NORTHERN RAILROAD

ORDER BILL OF LADING—ORIGINAL

Shipper's No. 2

Agent's No. \_\_\_\_\_

RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading.

as Snowden, S. D.

Jan. 15

1922

from H. A. Y. Shipper the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Carrier (which word is to be understood throughout this bill of lading as meaning any person or corporation in possession of the property under the bill of lading) agrees to carry to its usual place of delivery at said destination, if on its line, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, hereto contained (including conditions on back hereof), and which are agreed to by the shipper and accepted for himself and his assigns.

This Bill of Lading is assignable; it is negotiable only in so far as may be required to carry out the promise of the carrier made in the following surrender clause, and is enforceable as provided in Section 10 of this Bill of Lading, according to its original tenor and effect.

The surrender of this Original ORDER BILL of Lading property endorsed shall be required before the delivery of the property. Inspection of property covered by this bill of lading will not be permitted unless provided by law or unless permission is endorsed on this original bill of lading as given in writing by the shipper.

The Rate of Freight from Snowden, S. D.

to Milwaukee, Wis.

is in Cents per 100 Lbs.

IF 1st Class	Times 1st Class	IF 2d Class	IF 3d Class	IF Bulk 2d	IF Bulk 3d	IF Bulk 4th	IF Bulk 5th	IF Bulk 6th	IF Bulk 7th	IF Bulk 8th	IF Bulk 9th	IF Bulk 10th	IF Bulk 11th	IF Bulk 12th	IF Bulk 13th	IF Bulk 14th	IF Bulk 15th	IF Bulk 16th	IF Bulk 17th	IF Bulk 18th	IF Bulk 19th	IF Bulk 20th	IF Bulk 21st	IF Bulk 22nd	IF Bulk 23rd	IF Bulk 24th	IF Bulk 25th	IF Bulk 26th	IF Bulk 27th	IF Bulk 28th	IF Bulk 29th	IF Bulk 30th	IF Bulk 31st	IF Bulk 32nd	IF Bulk 33rd	IF Bulk 34th	IF Bulk 35th	IF Bulk 36th	IF Bulk 37th	IF Bulk 38th	IF Bulk 39th	IF Bulk 40th	IF Bulk 41st	IF Bulk 42nd	IF Bulk 43rd	IF Bulk 44th	IF Bulk 45th	IF Bulk 46th	IF Bulk 47th	IF Bulk 48th	IF Bulk 49th	IF Bulk 50th	IF Bulk 51st	IF Bulk 52nd	IF Bulk 53rd	IF Bulk 54th	IF Bulk 55th	IF Bulk 56th	IF Bulk 57th	IF Bulk 58th	IF Bulk 59th	IF Bulk 60th	IF Bulk 61st	IF Bulk 62nd	IF Bulk 63rd	IF Bulk 64th	IF Bulk 65th	IF Bulk 66th	IF Bulk 67th	IF Bulk 68th	IF Bulk 69th	IF Bulk 70th	IF Bulk 71st	IF Bulk 72nd	IF Bulk 73rd	IF Bulk 74th	IF Bulk 75th	IF Bulk 76th	IF Bulk 77th	IF Bulk 78th	IF Bulk 79th	IF Bulk 80th	IF Bulk 81st	IF Bulk 82nd	IF Bulk 83rd	IF Bulk 84th	IF Bulk 85th	IF Bulk 86th	IF Bulk 87th	IF Bulk 88th	IF Bulk 89th	IF Bulk 90th	IF Bulk 91st	IF Bulk 92nd	IF Bulk 93rd	IF Bulk 94th	IF Bulk 95th	IF Bulk 96th	IF Bulk 97th	IF Bulk 98th	IF Bulk 99th	IF Bulk 100th	IF Bulk 101st	IF Bulk 102nd	IF Bulk 103rd	IF Bulk 104th	IF Bulk 105th	IF Bulk 106th	IF Bulk 107th	IF Bulk 108th	IF Bulk 109th	IF Bulk 110th	IF Bulk 111st	IF Bulk 112nd	IF Bulk 113rd	IF Bulk 114th	IF Bulk 115th	IF Bulk 116th	IF Bulk 117th	IF Bulk 118th	IF Bulk 119th	IF Bulk 120th	IF Bulk 121st	IF Bulk 122nd	IF Bulk 123rd	IF Bulk 124th	IF Bulk 125th	IF Bulk 126th	IF Bulk 127th	IF Bulk 128th	IF Bulk 129th	IF Bulk 130th	IF Bulk 131st	IF Bulk 132nd	IF Bulk 133rd	IF Bulk 134th	IF Bulk 135th	IF Bulk 136th	IF Bulk 137th	IF Bulk 138th	IF Bulk 139th	IF Bulk 140th	IF Bulk 141st	IF Bulk 142nd	IF Bulk 143rd	IF Bulk 144th	IF Bulk 145th	IF Bulk 146th	IF Bulk 147th	IF Bulk 148th	IF Bulk 149th	IF Bulk 150th	IF Bulk 151st	IF Bulk 152nd	IF Bulk 153rd	IF Bulk 154th	IF Bulk 155th	IF Bulk 156th	IF Bulk 157th	IF Bulk 158th	IF Bulk 159th	IF Bulk 160th	IF Bulk 161st	IF Bulk 162nd	IF Bulk 163rd	IF Bulk 164th	IF Bulk 165th	IF Bulk 166th	IF Bulk 167th	IF Bulk 168th	IF Bulk 169th	IF Bulk 170th	IF Bulk 171st	IF Bulk 172nd	IF Bulk 173rd	IF Bulk 174th	IF Bulk 175th	IF Bulk 176th	IF Bulk 177th	IF Bulk 178th	IF Bulk 179th	IF Bulk 180th	IF Bulk 181st	IF Bulk 182nd	IF Bulk 183rd	IF Bulk 184th	IF Bulk 185th	IF Bulk 186th	IF Bulk 187th	IF Bulk 188th	IF Bulk 189th	IF Bulk 190th	IF Bulk 191st	IF Bulk 192nd	IF Bulk 193rd	IF Bulk 194th	IF Bulk 195th	IF Bulk 196th	IF Bulk 197th	IF Bulk 198th	IF Bulk 199th	IF Bulk 200th	IF Bulk 201st	IF Bulk 202nd	IF Bulk 203rd	IF Bulk 204th	IF Bulk 205th	IF Bulk 206th	IF Bulk 207th	IF Bulk 208th	IF Bulk 209th	IF Bulk 210th	IF Bulk 211st	IF Bulk 212nd	IF Bulk 213rd	IF Bulk 214th	IF Bulk 215th	IF Bulk 216th	IF Bulk 217th	IF Bulk 218th	IF Bulk 219th	IF Bulk 220th	IF Bulk 221st	IF Bulk 222nd	IF Bulk 223rd	IF Bulk 224th
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"order" bill of lading which will prevent the buyer from gaining possession of the hay until he has made a payment representing at least 75 per cent of the value of the hay as indicated by the shipper's draft. (See pages 25, 26, U. S. Department of Agriculture

Bulletin 979.) As far as protection is concerned, however, it is immaterial whether the draft is drawn "at sight" or "upon the arrival of the car." This matter will be discussed later in this bulletin.

When using an "order" bill of lading shippers should not sign any agreement, whether stamped upon the bill of lading or attached to it, which will in any way lessen the protection which it affords the shipper.

Figures 6 and 7 show bill of lading forms properly filled out.

#### FORWARDING BILLS OF LADING.

When the bill of lading has been signed by the railroad agent it should be forwarded promptly to the consignee unless it is desired to attach a draft to it, in which case it should be placed in the bank for transmittal to the consignee at the earliest possible moment. When cars are shipped only a short distance, and especially when billed to shipper's order, the bank should be directed to forward promptly the draft and bill of lading, preferably to the consignee's bank, if known, or to another bank in his town. Otherwise the bank may follow the usual custom of sending the documents through the regular channel of corresponding banks, which may delay delivery to the consignee until after the car of hay has arrived and has been placed on demurrage.

In addition to the careful and accurate routing of the shipment, the exact weight of the hay and the number of bales loaded into the car should be stated on the bill of lading. It is also a good practice to state the kind and grade of hay comprising the shipment. This information will be of interest to the bank if an advance on the draft is to be credited to the shipper. It will also be of value in case it becomes necessary to present a claim against the railroad for loss or damage to the hay while in transit.

#### MAKING THE INVOICE.

When a car of hay is consigned to the dealer in a distant market a letter to him stating that a car of hay is being shipped is not sufficient information to enable him to arrange to the best advantage for its arrival and sale. Whether a car is consigned or has been sold on track or to arrive, a carefully prepared invoice should be sent to the consignee at the time the car is shipped. Such an invoice should show the car initial and number, date of shipment, and also the kind and quality of hay, the number of bales, and the total weight. If two or more distinct kinds or grades have been loaded, the number of bales and the total weight of each kind or grade should also be shown.

When a price per ton for the hay has been agreed upon on or before the date of shipment, this price, together with total value of the hay, should be shown on the invoice and also the amount of the draft and the balance due.

In case of a delay in arrival the initial and number of the car are necessary to the consignee if he desires to inquire about its arrival or to have the railroad trace the shipment. When the car arrives and is offered for sale it usually can be disposed of more advantageously if the weight and quality are known.

\$ 150 <sup>00</sup> / <sub>100</sub>	WASHINGTON, D. C.	January 2 1922
At sight		PAY TO
THE ORDER OF The Capital City Bank		
One hundred fifty <sup>00</sup> / <sub>100</sub>		DOLLARS
VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF		
TO Mr. T. Buyer		Shipper
Harrisburg, Pa.		
207 Charles Street		
CAR INITIAL P.R.R. CAR NO. 96736		

\$ 200 <sup>00</sup> / <sub>100</sub>	WASHINGTON, D. C.	Jan. 2 1922
On arrival of car		PAY TO
THE ORDER OF The First National Bank		
Two hundred <sup>00</sup> / <sub>100</sub>		DOLLARS
VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF		
TO H. G. Buyer		Shipper
Richmond, Virginia		
123 State Street		
CAR INITIAL N.Y.C. CAR NO. 13655		

FIG. 8.—Forms showing the proper method of drawing "At sight" and "Arrival" drafts.

Some shippers seem to think that the less they say about a shipment the better it will sell, but this is not true. In the long run, cars uniformly loaded and correctly invoiced will bring the best price and win satisfied customers.

Figures 8 to 11 show suggested forms for sight and arrival drafts, notices of consigned shipments, and invoices which will meet the needs of most shippers.

#### "SIGHT" OR "ARRIVAL" DRAFTS.

The use of "sight" or "arrival" drafts is largely a matter of custom. In some sections sight drafts are used principally and in others only arrival drafts are used. In most instances it makes little

difference to the shipper whether he draws his draft "at sight" or "on arrival." Either, in connection with an "order" bill of lading, provides the shipper equal protection, because the buyer in either case can not obtain possession of the hay (except by executing a bond to the railroad) until he has paid the draft which has been attached to and forwarded with the bill of lading through the banks. The principal difference is in the cost to the shipper. Most banks allow the shipper equal credit on either kind of draft, but many banks charge interest on the amount advanced on the draft from the date it is deposited until the funds are returned from the corresponding bank

*Peoria, Illinois Jan. 2 1922*

*Mr. Commission Merchant*  
*Chicago, Illinois*

Dear Sir: I am consigning to you today for sale subject to my confirmation 2 cars of hay as follows:-

CAR INITIAL	CAR NO.	SHIPPING POINT	ROUTE	NO. BALES	WEIGHT	KIND & GRADE	AMT OF DRAFT
<i>C+NW</i>	<i>1367</i>	<i>Peoria, Ill</i>	<i>C.P.D.+P</i>	<i>250</i>	<i>24800</i>	<i>No. 1 Tim</i>	<i>\$200</i>
<i>C.B.+Q</i>	<i>9368</i>	<i>Peoria, Ill</i>	<i>C.P.D.+P</i>	<i>220</i>	<i>23600</i>	<i>No. 2 Chg</i>	<i>\$150</i>

Very truly yours,

*H. W. Shipper*

FIG. 9.—Suggested form for use in notifying the commission merchant of shipments of hay to be sold subject to the shipper's confirmation.

after the draft has been paid by the buyer. The interest will probably be more on the arrival draft unless the shipment is for so short a distance that the hay arrives by the time the draft reaches the buyer's bank.

If these charges are taken into consideration by the shipper when making quotations he can conveniently meet the wishes or custom of the buyer in regard to the kind of draft to be used. It is probably only fair to the buyer to draw an arrival draft, if he requests it, so that he can make an inspection of the hay before paying for it. Authority from the shipper for such inspection, however, must be indorsed upon the bill of lading if an "order" billing is used. Unless the terms of sale have been made definitely shipper's track, the buyer

is really entitled to inspect the hay before making a payment on it. This is largely a matter of agreement between the shipper and the buyer, however, and therefore, as already stated, should be made a part of the terms of sale.

When shipments are made upon "straight" bills of lading, drafts frequently are not drawn. The shipper awaits the sale or the arrival of the car, when a settlement in full, after all charges have been deducted, is made by the buyer or commission merchant. When the shipper does not need the funds that are obtainable by means of a draft and is satisfied as to the reliability and financial responsibility of the buyer, the "straight" billing of hay may be more desirable, as it eliminates the bank's charges for handling the draft and also

Joplin, Mo. Jan. 10 1922

Mr. Commission Merchant

Kansas City, Mo.

Dear Sir: I am consigning to you today for sale at the current market price 3 cars of hay as follows:-

CAR INITIAL	CAR NO.	SHIPPING POINT	ROUTE	NO. BALS	WEIGHT	KIND & GRADE	AMT OF DRAFT
I.C.	13765	Joplin, Mo.	Mo. Pac.	225	21000	No. 2 Tim.	\$125
C.B. & Q	86541	Jasper, Mo.	Mo. Pac.	230	22350	No. 1 Alf.	150
Mo. Pac.	9909	Boston, Mo.	Mo. Pac.	240	23410	No. 1 Prairie	75

Very truly yours,  
H.A.Y. Shipper.

FIG. 10.—Suggested form for use in notifying the commission merchant of shipments of hay to be sold upon arrival at the current market price.

any expense or demurrage, etc., which a delay in the arrival of the draft and bill of lading at the destination of the car may cause.

It frequently happens that, because of a bad condition of the car or other causes, the hay may get out of condition and deteriorate considerably, so that the buyer does not feel justified or safe financially in paying the full amount of the draft as drawn. In such instances if the hay has been shipped upon an "order" bill of lading and a draft has been drawn for 75 per cent or 80 per cent of the value of the hay it is the usual practice for the buyer to request the shipper to reduce the draft. Whether the shipper should make such reductions depends largely, of course, upon the terms of sale. If the hay has been



THE PRODUCERS' HAY CO.  
SHIPPERS OF HAY  
MIDLAND, MISSOURI.

Sold to Consumer Hay Co. Jan. 15 1922  
Atlanta Ga.

Car Initial NYP Car No. 13765 Shipping point Midland Route R + N

235	Bales	No. 1 alfalfa hay			
		Wgt 22000 lbs @ \$20 per ton	220	00	
		Less freight	115	00	
			105	00	
		Arrival draft			105 00

WEIGHTS GUARANTEED TO WITHIN 1%

E.&amp;O.E.

☐ INSPECTION CERTIFICATE ☒ INCLOSURES  
☒ WEIGHT CERTIFICATE ☒ BALE TALLY SHEET

MIDLAND, MO. Jan. 20 1922

MR. R. C. Haymen  
St. Louis, Mo.

TO THE PRODUCERS' HAY CO. DR.  
SHIPPERS OF HAY

Car Initial C. & A.  
Car Number 36451  
Shipping Point Midland, Mo.  
Route C. R. I. & P.

Weights guaranteed to within 1%

Inclosures  
☐ Inspection Certificate  
☒ Weight Certificate  
☒ Bale tally sheet

215	Bales	No. 1 alfalfa hay			
		Weight 21,000 lbs. @ \$20 per ton	\$210	00	
		Less freight	42	00	
			\$168	00	
		Sight draft			\$168 00

FIG. 11.—Forms showing the proper method of invoicing hay shipments by country shippers.

sold "delivered" or "destination" terms it is the duty of the shipper to deliver hay of the quality and quantity specified and to make a proper allowance for any deterioration or loss in transit. It is important, however, that the shipper assure himself that such claims are just and reasonable.

In some instances dishonest purchasers have obtained reductions on drafts when the loss or damage claimed did not occur. Shippers must first be certain that hay of the quality and quantity sold has been shipped and must have adequate proof of the fact. Then if a claim is made for a reduction of the draft it should be allowed, provided the shipper is confident that the buyer is honest and reliable. If there is any doubt as to the buyer's integrity, the shipper should request, by telegraph if necessary, some disinterested party to pass upon the claim before allowing it. Railroad station agents, official inspectors, other dealers, and representatives of commercial bodies handling such claims are some of the agencies usually available for inspecting hay and for rendering an opinion as to the extent of the loss or damage.

If the shipper is satisfied that the reduction requested is fair and reasonable, he should reduce the draft with as little delay as possible. This is done by instructing the shipper's bank to notify the corresponding bank at the destination of the car to accept the reduced amount in payment of the original draft. The shipper should not send instructions direct to the destination bank if the draft was originally deposited in the local bank, because the destination bank will make a reduction only upon authorization from its corresponding bank, which in this case is the local bank.

If the shipper desires to release the car to the buyer without the payment of the draft and to await settlement when the car is sold or unloaded, the procedure is the same as for reducing a draft.

#### REBILLING CARS.

Because of an unsatisfactory market condition or a dissatisfied customer, it frequently becomes advisable to reconsign hay after it has arrived at destination. The simplest method of reconsigning hay which has been shipped on an "order" bill of lading is to instruct the local bank where the draft and bill of lading have been deposited to have both returned. The shipper can then take the original bill of lading, surrender it to the railroad agent, rebill the car to the new destination, and obtain a new bill of lading.

If the car is at a distant point, however, the demurrage charges that would accrue while the bill of lading was being returned and a new one issued would become heavy. To avoid these charges it is possible to arrange with the local railroad agent for the issuance of

a new bill of lading before the first is returned by furnishing a bond for the protection of the railroad agent against any claim which might arise based upon the first bill of lading before it has been returned to the railroad agent and canceled. Upon the execution of this bond the local agent will telegraph immediately to the agent at destination and instruct him to forward the shipment according to the new billing. Freight and other charges may be allowed to follow the shipment and be paid at final destination. Shippers should avail themselves of this provision when it seems advantageous to reconsign an unsatisfactory or unprofitable shipment.

### LOSS AND DAMAGE CLAIMS.

However carefully a shipper may weigh and load his hay, there are sure to be some losses due to accidents or carelessness on the part of the carriers or other agencies engaged in the marketing of the hay. When a shipper has agreed to deliver to a customer a certain amount of hay of a certain quality, the buyer, of course, expects the hay to meet the conditions of the sale or to receive an allowance or reimbursement for any difference there may be between the hay bought and that delivered. The shipper's only recourse then is to collect the amount of the damage or loss from the agency responsible for it.

Some commission merchants maintain "traffic departments," which handle claims for their shippers. Trade organizations also maintain claim bureaus and will undertake to collect claims for members for a nominal sum or upon a commission basis. These agencies can be of great assistance to shippers. Some buyers make a practice of making claims upon the railroads for alleged differences in weights and grades when there is considerable doubt whether the differences were in any way caused by the negligence of the carriers. Since such claims are usually disallowed by the railroads, the shipper loses the amount unfairly claimed by the buyer.

### PREPARATION OF CLAIMS.

With the exception of intricate cases, which may require considerable legal advice, most claims may be presented by the shipper as well as by any other party. If properly prepared the claim will be considered as promptly by the responsible agency as if presented by a dealer or trade representative.

The necessary factors in the preparation of claims are the proofs of the loss or damage. Many railroads have special "overcharge" and "loss and damage" forms, which will be furnished upon re-

quest, but the various documents that usually are required to establish proof of claims are as follows:

(a) A copy of the original invoice and bill of lading upon which the shipment was made.

(b) The paid freight bill receipted by the railroad agent at destination.

(c) In loss claims, sworn detailed statements as to loading and unloading weights, showing the number of drafts in which hay was weighed both into and out of car and the bale count both at the time of loading and unloading.

(d) In damage claims, sworn statements as to the quality and condition of the hay when put into the car and when unloaded from the car, official inspection certificates, when available, and reports as to the physical condition of car at the time of loading and unloading.

Unless shippers possess proofs of the loss or damage as outlined in the foregoing suggestions it is doubtful whether the claim will be allowed by the carriers. Shippers will save expense and trouble by not presenting claims that are improperly or inadequately supported. Claims must be presented within six months from the time the loss or damage occurs. A study recently made by the Bureau of Markets and Crop Estimates relative to the weight claims paid by 25 of the principal railroads in the country shows that only about 50 per cent of the claims presented are paid. This indicates that many claims are presented which lack the necessary proof or have been improperly prepared.

#### BUYERS' CLAIMS.

Buyers frequently make claims upon the shipper for losses, shrinkage, or errors in weight, and for discounts because of the inferior quality of a part or the whole of a carload. Legitimate claims should be paid promptly, but the shipper should require the buyer to furnish conclusive proof of the losses claimed before making payment for them.

Claims based upon a misunderstanding of terms of sale are usually more difficult to adjust. If they can not be settled by friendly correspondence or a personal visit from one party to the other, it is usually the most advantageous to both parties to submit the dispute to disinterested parties for arbitration and settlement.